

Charities SORP Committee Minutes

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| Date | 14 March 2017 | |
| Venue | CIPFA Offices, 160 Dundee Street, Edinburgh | |
| Joint Chair | Laura Anderson Nigel Davies | <i>OSCR Charity Commission for England and Wales</i> |
| Members Present | Sarah Anderson Caron Bradshaw Richard Bray Michael Brougham Tom Connaughton Mark Hill Simon Ling Kenneth McDowell Carol Rudge Joe Saxton Jenny Simpson Mark Spofforth | <i>Deloitte LLP CFG Cancer Research UK ACIE The Rehab Group Regeneris Limited National Association of Almshouses Saffery Champness Grant Thornton nfpSynergy Wylie + Bissett LLP Spofforths Chartered Accountants</i> |
| In attendance | Mei Ashelford John Tracey Claire Morrison Alison Scott Easton Bilsborough James Brooke Turner | <i>FRC Charity Commission Northern Ireland OSCR CIPFA, Secretariat to the SORP Committee CIPFA, Secretariat to the SORP Committee ACF Observer, The Nuffield Foundation</i> |
| Apologies | Pat Dennigan Pesh Framjee Noel Hyndman Tom Malone Sheila Nordon Darren Spivey | <i>Focus Ireland Crowe Clark Whitehill, Technical Advisor to CIPFA Secretariat Queen's University Belfast Charity Regulatory Authority Charities Institute Ireland Royal National Lifeboat Institution</i> |

Action

1 Welcome, apologies for absences and declarations of interest

- 1.1 Laura Anderson (LA) welcomed members to the meeting, including those which were joining via videoconference from CIPFA's London Office and those who were joining via teleconference.
- 1.2 The committee also welcomed Claire Morrison, who joined the meeting as an observer from OSCR.
- 1.3 Apologies for absences were received from Pat Dennigan, Pesh Framjee, Noel Hyndman, Tom Malone, Sheila Nordon and Darren Spivey.

1.4 LA asked if there were any declaration of interest to be made. No declarations were made by members.

2 Approval of the minutes of the meeting of 14 December 2016 (Paper 1)

2.1 The draft minutes of the previous committee meeting were approved subject to the wording of paragraph 5.5 being amended to more accurately reflect the reaction of CFG member's to the recent research exercise.

2.2 Richard Bray (RB) noted the committee's consideration of the two comments submitted by himself in paragraphs 10.1 to 10.7. He acknowledged the response of the chairs and their position in respect of the remit of the Charities SORP-making body. However, he believed that the committee should be aware of both issues and their impact as they consider the development of the SORP.

2.3 RB remained concerned about the potential costs to charities as a result of the change to the auditor responsibilities in respect of the Trustees' Report. He also remained concerned that ambiguity of the terms included within the fundraising disclosures brought in by the Charities (Protection and Social Investment) Act 2016 were preventing early application of these provisions.

3 Update from the FRC

3.1 Mei Ashelford (MA) provided a verbal update on the development of UK accounting standards.

3.2 She reported that Phase 1 of the Triennial Review continues to remain on track. *FRED 67: Triennial Review - Incremental improvements and clarifications* was approved at the meeting of the Codes and Standards Committee last week. The exposure draft would be expected to be published by the end of the month, with a three month consultation period.

3.3 RB enquired of MA if the FRC were aware of guidance which had been produced on the accounting treatment of Gift Aid payments in the accounts of both a parent charity and trading subsidiary by a professional firm. The accounting guidance follows the publication of ICAEW's Tech 16/14BL covering this issue, which continues to be interpreted differently by professional firms.

3.4 There was some concern from the Committee about the lack of consistency in the advice that is currently being given to charities by clients on this issue.

3.5 MA reported that the FRC is aware of the variety of practices that exists around this area of accounting, and this issue had been raised at previous meetings of the UK GAAP Technical Advisory Group (TAG). Nigel Davies (ND) noted that he was aware of the guidance. Committee members who have comments on this issue should send these to ND for consideration as to what the SORP-making body may be able to consider doing to clarify practice.

ALL

4 Presentation of nfpSynergy Research

4.1 Joe Saxton (JS) gave a presentation to the Committee on the findings of research into what public want from charities and their annual reports by nfpSynergy.

4.2 JS began by summarising the recent findings and trends of the Charity Awareness Monitor which is conducted annually by nfpSynergy. He then gave a background to the recent qualitative research conducted into charities and their annual reports. This was based on three focus groups with members of the public who donate to charities. The questions focused on charity reporting and other topics associated with the information disclosed by charities. The research used the trustees' [annual report and accounts of Shelter](#) and the [annual review of Haven House Children's Hospice](#), for the year ended 31 March 2016.

- 4.3 JS presented the main findings of the research, which were summarised as:
- People like knowing there is regulation and are reassured that this exists;
 - Few people would look for the detail or read all the detail of the trustees' annual report and accounts;
 - People would like summary information;
 - People like pie charts and other simple statistics;
 - There is an appetite for alternative ways to present the information contained in the trustees' annual report and accounts; and
 - People like annual reports when done well.
- 4.4 LA thanked JS for his presentation. The committee then discussed the key points from the presentation. A summary of the discussion is as follows:
- Carol Rudge (CR) observed that the findings on the public's views on higher salaries paid by charities was in line with other research in this area. She felt that more needs to be done to educate the public about the need to pay for charities to pay staff at a level that attracts and retains talent.
 - Caron Bradshaw (CB) noted research suggests that if charities were to act or behave in a different way, then the public would be more inclined to donate. She however believes that as there are so many reasons why the public donates to charities, often what is advocated as being what the public wish to see from the sector does not translate into greater support. She observed that there is a challenge between public perception and what the data would tell them anyway. She went on to acknowledge that it is unreasonable to imagine all donors will read the annual report and accounts of a charity that they support in its entirety. However, the fact that this information is prepared and available helps confirm the donor's expectation that the charity is well regulated and transparent. The Key Facts Summary could be counterproductive and risks organisations engaging in game-play. It could also potentially result in figures being massaged within the scope of what is true and fair. She advocates charities going beyond such practices, and emphasising the impact that they are having and how well they are run.
 - Mark Hill (MH) observed the lack of 'non-accountants' that commented on the recent research exercise. He felt that this was reflective of the focus of the SORP, which concentrates primarily on financial reporting. He considered it unsurprising that the average member of the public is not engaging with charities' annual reports and accounts, given that they are often long documents which contain large quantities of financial information which is not easily understood.
 - James Brooke Turner (JBT) felt that it was worth considering the role which the annual accounts have in satisfying public trust in charities. He believed the research indicates the role of annual accounts is limited, given the public are content in the knowledge that charities are regulated. He observed that it would appear that the public are satisfied as long as the charity prepares accounts which indicate they are spending on their charitable purpose and are consistent.
 - RB felt that the research indicated the importance of the other ways that charities are communicating and engaging with their supporters, and suggests that those documents outwith the annual report and accounts are becoming more relevant.

- CB felt that the annual report can be used by charities as a multifaceted document and was against charities presenting information on their performance in separate publications. She believed that whilst it was clear that the report cannot be all things to all people, the SORP does offer flexibility regarding what can be included. Charities are free to include 'at a glance summaries' and charts and graphs to complement their financial and narrative reporting. She felt imposing greater requirements on charities in these areas would be a perverse step.
- There was agreement amongst the committee that there needs to be greater emphasis on the regulatory bodies and regime which exists for charities, given the public's lack of awareness of such systems.

4.5 The committee enquired whether previous research undertaken by nfpSynergy haS found the level of a charity's levels of reserves to be a factor which would put off the public from giving to a particular charity. JS noted that previous research has looked at the level of money which the public would find acceptable for charities to hold in the bank, but not specifically reserves.

5 Analysis of Research Exercise responses

- 5.1 Easton Bilsborough (EB) gave an overview of the Paper 2.2. He briefly outlined the main categories of respondents and noted that limited responses were received from funders and commissioning bodies, as well as general users of the accounts. He noted that the analysis offers no recommendations, and aims to offer a plain account of the findings. He explained that each section is separated between 'main findings' and 'other findings'. The former draws out the principal themes which were noted by a large number of respondents, whilst the latter notes those themes which were mentioned by a smaller number of respondents but were viewed as being of interest.
- 5.2 EB then reported on the difficulties encountered by the secretariat in undertaking the analysis. He explained that the principal challenge centred on those themes and ideas which were presented in different ways and in different sections of the consultation document. The repetition of these themes and ideas made finding a suitable structure for the paper difficult.
- 5.3 The committee noted the closed profile of respondents, which was made up of mainly 'technicians'. This was acknowledged as disappointing given that funders and donors are two of the most significant user groups of charity reports and accounts.
- 5.4 LA highlighted that the views of the funding community has been gathered through attendance at events. OSCR had specifically engaged with the Scottish Funders Forum at a roundtable event where the research exercise had been discussed. This group included both statutory bodies and independent grant making trusts from across Scotland. ND noted that UK government funders had failed to participate in the consultation, which was disappointing given that statutory funding represents a significant source of funding for the charity sector.
- 5.5 The Committee raised a number of general points which were considered pertinent to future discussions. These are summarised as follows:
- CB noted that there is a risk that the proposals in the consultation will result in financial statements becoming even longer. She believed that the increased length of charities' annual reports and accounts would become a barrier for those wishing to access the information within it. She felt that annual accounts should aim to signpost users to further information which can answer their questions rather than aim to be fully comprehensive document.

- CR felt that determining who the financial statements are produced for remains a fundamental question. She believed committee risks looking at changes from the wrong angle unless they establish who the primary audience are.
- MH emphasised the need for the committee to consider the financial impact of any changes to the SORP for charities, given additional costs of adhering to any new reporting requirements.
- JBT felt the current level of reporting and information provided by charities to their regulators is adequate. He believed that there is a need to determine whether charity annual reporting should be a 'plain' reference document which providing basic information on performance, or a persuasive document which is aimed at funders and potential donors. He felt doing so would provide a clear route for future development.
- RB believed the profile of respondents had meant some of the proposals had been answered defensively. He considered that this should be taken into account by the committee in their discussion of the analysis.

5.6 ND acknowledged the considerations highlighted by the committee. He suggested that in light of this discussion a paper on 'Why we do the SORP?' could be brought to the committee at their next meeting. This paper would be similar to a paper used by the previous committee to determine the purpose and role of the SORP in their development of the SORP (FRS 102) and SORP (FRSSE).

5.7 ND then set out the proposed approach to the discussion of the analysis set out in Paper 2.1. It was proposed to use the current and following meeting to consider the analysis, and for the discussion topics to be considered in the order set out in Table A.

5.8 ND explained that for each topic the tentative view of the chairs, as the joint SORP-making body, would be outlined prior to the secretariat reporting on the research findings. The committee would then be asked to discuss the issue and offer any advice on how the issue should be taken forward.

Question 1: The new modular format of the SORP

5.9 ND believed that the new format had been welcomed by the sector, and the chairs proposed to retain this format going forward.

5.10 EB gave an overview of the findings, where 87% of respondents had welcomed the new format. He noted that twenty respondents had offered suggestion of how the format of the SORP could be improved, which were summarised within the analysis.

5.11 The committee welcomed the innovative improvements which had been suggested by respondents. They believed that there was merit in taking these suggestions forward in the next version of the SORP. However, RB noted the potential cost of these suggestions and the limitations of the changes which can be made given the resources of the joint-SORP making bodies. ND acknowledged that there were many factors which would have to be considered in determining whether these improvements could be made. He noted that these could be added to a 'wish list' which would be considered by the regulators when determining the costs of developing the SORP.

Question 2: Assistance required to help smaller charities

5.12 ND observed that many respondents were looking to Section 1A of FRS 102 as a potential means to allow greater exemptions for small charities. He explained that whilst the Companies Act does permit abridged reporting by companies

along with Section 1A for smaller entities, it is somewhat of a 'false dawn' when applied in the context of charity reporting.

- 5.13 He went on to explain that the SORP making-body and the SORP Committee had previously undertaken work in this area in collaboration with the FRC. It had been found that the exemptions offered by Section 1A did not offer much simplification for small entities, given the requirement for financial statements to be prepared to give a 'true and fair' view and how this had been interpreted. As a result the SORP-making body and Committee had agreed that a Charities SORP (Small Entities), based on Section 1A of FRS 102, would bring no additional practical benefits since the recognition, measurement, and presentation requirements are identical to the Charities SORP (FRS 102) and the disclosure requirements necessary to give a 'true and fair' view are so similar.
- 5.14 EB gave an overview of the findings, where 89% of respondents had agreed that more assistance is needed to help smaller charities.
- 5.15 MH observed that the findings of the research concurred with feedback he had received from small charities, who cited the complexity of the threshold regime and lack of examples as being two of the main issues faced by them.
- 5.16 CB noted that whilst many respondents had called for greater exemptions for smaller charities, sections of the framework can often become more complex by including more exemptions and requirements which are only relevant for charities of a particular size. She believed that there are advantages in giving charities only 'one set of rules' to follow, and helping smaller charities to navigate the framework using flowcharts and diagrams.
- 5.17 CR agreed that the range of different thresholds added complication for charities when trying to determine which sections of the SORP were applicable to them. She also agreed that the pace of change was contributing to a more complex framework for charities.
- 5.18 RB felt that the suggestion from respondents to include only 'must' requirements in the SORP touched upon the question of whether the SORP should only contain prescriptive requirements or should also include recommendations, guidance and suggest best practice. He believed that this is fundamental questions that is necessary to answer to determine the future development of the framework.
- 5.19 Simon Ling felt the response of the RNLI was important as it highlighted the complicated nature of the current framework, and how this is impacting smaller charities who rely on volunteer Treasurers. This was supported by Michael Brougham (MB) who felt that the current SORP is too complicated for small charities preparing accrual accounts, and attempts should be made to find a way to produce a framework which is more appropriate for smaller charities.
- 5.20 CB observed that many smaller charities are put off preparing accrual accounts for a range of reasons, including the perceived complication of complying with the SORP. She suggested that more should be done to demystify finance for smaller charities by providing resources to equip these organisations with the required knowledge to 'upskill' their finance functions.
- 5.21 JBT noted that whilst such measures may be necessary, the committee should consider what changes can be made to address this issue which are within their remit. He felt that the aim of the committee is not to upskill charities, but instead to simplify the existing accounting standards and reporting requirement for them.

Question 3: The use of the terms 'must', 'should' and 'may'

- 5.22 ND reported that the chairs felt the research had indicated that the new terms used by the SORP had been successful. However they believed further

consideration was needed on whether the current use of three terms could be simplified and a new term used in place of 'should'.

- 5.23 EB gave an overview of the findings, where 60% of respondents had agreed that the distinction offered by the language was successful. He explained that the majority of respondents had offered suggestions of how the use of the terms could be improved. He noted that the majority of these suggestions focused on the use of the term 'should', and had suggested that only two terms should be used.
- 5.24 The committee then discussed the confusion over the term 'should'. They considered the suggestion of only two terms being used within the SORP to denote those items which are required, and those that are recommendations, suggestions or best practice.
- 5.25 There was some concern amongst many members of the committee that the loss of all 'should' and 'may' requirements in the SORP would be too radical, and would risk losing much of the detail which can be attributed to raising the standard of charity reporting. However, it was acknowledged that having only those mandatory requirements would shorten the length of the SORP. The idea of having the 'must' requirements included within an appendix and in the format of a 'disclosure checklist' was also discussed.
- 5.26 The committee felt that greater time should be spent looking at the various options which could be used to distinguish between what is mandatory and good practice within the SORP. LA suggested that this could be done by developing 'mock-ups' of existing modules, so the impact of these options could be visualised.

Question 4: Is the retention of the SORP still necessary

- 5.27 ND welcomed the findings of the research, where a reasonable number of respondents felt that there is a need for a SORP for the charity sector.
- 5.28 EB gave an overview of the findings, where all 54 respondents were unanimous in their support for the SORP. He noted some of the reasons offered by respondents. These included the need for additional guidance to supplement and explain FRS 102; cover sector specific transactions; and interpret the particular reporting and legal requirements applicable to charities.
- 5.29 The committee offered no comments on the question.

Questions 6 & 7: Reporting by the largest charities

- 5.30 ND observed that the results of the written responses to these questions differed to the feedback received at consultation events, where there was support for the creation of a third tier for the largest charities. He offered the tentative view of the chairs who remain interested in the concept of a third tier. However, this would be explored as a means to reduce disclosure and reporting requirements for smaller charities which was a common theme within the results of the research.
- 5.31 EB gave an overview of the research findings. He echoed the interpretation of the chairs, noting that there was mixed support for a third tier of reporting within the results of the written feedback. He explained that there was however strong support for reducing the disclosure requirements for both small and large charities by the creation of a third tier.
- 5.32 The committee then discussed the viability and aims of a third tier.
- 5.33 JS observed that recent research by nfpSynergy had found that most common charity archetype were contractors and service providers which receive a high

proportion of their income in the form of government contracts or paid-for services. This was based on the accounts of all those charities in England and Wales with an income greater than £5m. He believed that it would be logical to ask the government what additional information they would like to see included in the accounts of these charities, given they are the main users of these charities' accounts. He acknowledged that there would be greater difficulties in applying this approach to those charity archetypes where the majority of their income is from voluntary sources. He explained that as these organisations typically receive funds from a large variety of sources, identifying who the main user groups are and the information they would like would be more difficult.

- 5.34 MH observed that charities that receive large levels of income from statutory sources will be likely to be producing separate reports to satisfy the information needs of the relevant government body or department. He felt that it was flawed to base additional reporting requirements on the needs of one user group which can obtain additional information from charities anyway.
- 5.35 CR felt that there was very little extra information which could be included in the accounts of the very largest charities. She explained that the accounts of these charities will already be comprehensive as a result of these organisation's operating models and the additional reporting requirements which come from other sources.
- 3.36 CB believed that there was need to establish what was trying to be achieved by creating a third tier – was it to reduce reporting for small charities, or increase reporting for the very largest charities?
- 5.37 MB felt that the creation of a 'bottom tier' to simplify the reporting required of the smallest charities was needed. He believed a new tier could lessen the requirement for charities to prepare full accrual accounts, and introduce a 'lighter' SORP which better meets the needs of this group.
- 5.38 RB saw the current approach of having identical reporting requirements for all charities with gross income exceeding £500,000 as counterintuitive. This was supported by Jenny Simpson, who observed that many smaller charities experience difficulties in meeting the more detailed reporting required of large charities, particularly within the Trustee' Annual Report. She believed that there may be merit in having 'lighter touch' narrative reporting requirements through the introduction of three tiers.
- 5.39 ND observed that the research findings and the views of the committee suggested that the debate over the definition of a large charity should be reopened, perhaps in addition to the creation to a third tier. He explained that the SORP determines the definition of a large charity and specifies the additional requirements which apply to this category, and this is not something which is determined by UK GAAP. He went on to explain that specific content for large charities can however be prescribed by regulation or charity law.
- 5.40 He noted that within the current SORP there are additional requirements for large charities included in the following three modules:
- Trustees' annual report – module 1
 - Statement of financial activities (SoFA) – module 4
 - Disclosure of trustee and staff remuneration and related party and other transactions - module 9

Question 9: The SORP Committee's suggested areas for the review of the accounts

- 5.41 ND observed that the research had shown that the separate accounting of support costs was not being met with enthusiasm. He explained that it was the

view of the chairs not continue with this category of costs. He went on to explain that no further guidance on fundraising costs is proposed, given that there was little evidence to suggest there was a significant demand for this. He also explained that no change was proposed around the accounting treatment for capital funding, given the flexibility which current exists within SORP in this area, as was highlighted in the research.

- 5.42 EB gave an overview of the research findings for both of the suggested areas and summarised the difficulties encountered when completing the analysis. Over 80% of respondents did not support the first theme, and 64% of respondents had proposed dropping support costs as a separate category of costs. He went on to explain that this result contrasts with the second suggested area, which only 42% of respondents supported being considered in the next SORP. He explained that around half of those respondents who did not support the issue were happy with the solutions and options available to charities in the current framework.
- 5.43 The committee supported the proposal to drop support costs as suggested by the chairs of the committee.
- 5.44 JS acknowledged that the proposal was in line with the research findings, but noted that the public are interested in charities spending on administration. He explained that previous research has found that donors are concerned about how much of their money is 'wasted' by charities on administration. He acknowledged that whilst there is an understanding within those in the sector that support costs (including administration costs) are required to be incurred to enable an organisation to carry out their charitable activities, he believed public interest in this category of expenditure will remain.
- 5.45 The committee offered no comments on the second suggested area.

Question 8: The SORP Committee's suggested areas for review of the trustees' annual report

- 5.46 ND explained that the chairs proposed having greater guidance and examples in order to improve the integration of the trustees' report with the accounts and the reporting of reserves by charities. He went on to explain that there were no changes proposed to improve the level of detail of reporting in the trustee's annual report.
- 5.47 ND noted that the discussion of the key facts summary would be included on the agenda of the next meeting, as indicated in Paper 2.1.
- 5.48 EB gave an overview of the research findings for the three suggested areas. He explained that the first area (*Better integration of the report with the accounts*) had attracted the strongest level of support and was supported by 70% of respondents, with more than half of these specifying that guidance in this area was needed. The second area (*Detail of reporting*) attracted limited interest from respondents, and was supported by 57% of those who offered specific comments on this area. There was a small majority who supported the final area (*Reserves definition and guidance*) being reviewed as part of the next version of the SORP. Of these respondents, the majority did not wish for the SORP to add to the current requirements in this area.
- 5.49 The committee supported the proposal outlined by the chairs and offered comments on the two areas which were to be taken forward.
- 5.50 CB felt that greater integration between financial and narrative reporting by charities was needed and welcomed greater guidance being offered in this area. She believed that this was the correct approach, as it will encourage greater

linkage between information about what a charity spends and the difference they are making, rather than greater separation of this information.

- 5.51 MH noted that the research indicated there is a demand for greater information on why reserves are being held, and linking this information to the charity's future plans. He saw this as being a key point which should be covered in any guidance.
- 5.52 MB observed that the current wording for the preparation of a reserves policy in the SORP suggests that this is not a mandatory requirement. He felt the requirement could be clearer in stating whether a reserves policy is mandatory. ND noted that he was not aware of the existence of such a 'loophole', but clarified that the drafting intention was for a reserves policy to be required of all charities.
- 5.53 The discussion was closed and it was proposed for the remaining topics in Table A of Paper 2.1 to be included on the agenda of the next meeting.

6 Next steps and issues for discussion at the next meeting

- 6.1 ND gave an overview of the items which would be included on the agenda at the next committee meeting in May.
- 6.2 ND explained that the committee would continue to consider the analysis of the Research Exercise, aiming to cover all remaining topics. He noted that in light of this meeting's discussion, a paper would be also presented on 'Why we do the SORP?' with the aim of reaching a consensus on the purpose and role of the SORP.
- 6.3 ND explained that a paper would be prepared which explains the options for updating the SORP in light of the findings of the Research Exercise and planned changes to FRS 102. The committee would be invited to recommend how the joint SORP-making body should update the framework. ND noted that the next steps will either involve issuing a second 'Update Bulletin' to update the current SORP or a new full version of the SORP for 2019 and/or 2022.

7 Verbal update on Annual Review 2016 of SORP

- 7.1 ND advised the committee of the FRC requirement for an Annual Review 2016 of the SORP, which is required to be undertaken by all SORP-making bodies in line with FRC policy. The SORP-making body had sought approval from the FRC to defer the 2016 Annual Review until the second quarter of 2017 to allow the details of the recent SORP research exercise to be included within it. The review would be circulated to the committee for observation by the secretariat, prior to it being presented to the FRC in April.
- 7.2 JS enquired as to whether the committee had a policy of renewing its membership on a periodic basis, given that those members who had joined the committee in December 2014 will have served a three-year term this year. LA explained that it was anticipated that the current members will serve until at least 2018, when the next version or update to the SORP will be completed. She felt the continued contribution and experience offered by the current members would be invaluable in assisting the joint SORP-making body in its current phase of development.
- 7.3 LA explained that after the current phase of development has been completed in 2019, the chairs would consider after discussion with the committee whether to refresh the members of the committee if felt necessary. This would be done by way of an open recruitment exercise.

8 Any other business and dates for next meetings

- 8.1 ND thanked the committee for their comments on the 'fatal flaw' draft of the Information Sheet. The final version of the Information Sheet was now with the chairs, prior to being passed to the FRC for review before publication.
- 8.2 RB enquired as to the outcome of the suggestion that charities registered in Scotland could take advantage of the exemption from preparing a cash flow statement in the individual accounts of a qualifying entity, as suggested by Pesh Framjee, as Technical Advisor to CIPFA Secretariat. LA explained that she had reflected on the relevant section of legislation which appeared to offer scope for an exemption in this area, and work was currently being undertaken by OSCR to determine whether this was the case.
- 8.3 ND notified the committee to an imminent change to the SORP microsite. The navigation of the site was being updated to avoid users going to the SORP (FRSSE), given the FRSSE had now been withdrawn. A series of questions would ensure users were directed to the correct SORP based on the period they were preparing accounts for. The SORP (FRSSE) would still be accessible, however, it would only be accessible to those preparing accounts for reporting periods beginning before 1 January 2016.
- 8.4 EB alerted the committee to forthcoming [FRS 102 Exposure Draft \(FRED 67\)](#), which had been noted by the FRC earlier in the meeting. The SORP-making body's response to this exposure draft would be included on the agenda of the next meeting.
- 8.5 JS alerted the committee to a forthcoming research report from nfpSynergy on how would the ideal charity spend its income. He believed the report findings could help inform the committee's discussion on the disclosure of support and administration costs within charity accounts.
- 8.6 RB raised the current silence within the SORP on whether entities that do not exist as charities can make use of the framework's recommendations when preparing financial statements. He explained that Paragraph 8 of FRS 100 allows entities to use a SORP in those instances where they do not fall within its scope but the SORP it is relevant to them. He observed that the Charities SORP does not include any information on the freedom offered by FRS 100.
- 8.7 ND noted RB's comments and agreed the issue should be explored alongside the development of the SORP. He explained that there may be sensitivities around including such a statement within the Charities SORP. The FRC approves the content of each SORP and also sets the boundaries of each framework. He felt there may be possible reservations from the FRC about including a statement in any SORP which could be interpreted as advocating compliance with one SORP over another when preparers are expected to be exercising judgment.
- 8.8 There was no other business and the meeting was closed.